FIRST CHICAGO
INVESTMENT CORPORATION

2002 ANNUAL REPORT

FIRST CHICAGO

INVESTMENT CORPORATION

Corporate Profile: First Chicago Investment Corporation conducts investment and financing activities.

Financial Summary:

(in millions of US dollars, except per share amounts)	**For the year ended September 30, 2002**	For the nine months ended September 30, 2001
Assets	**$ 103.4**	$ 98.4
Shareholders' equity	**$ 72.8**	$ 71.0
Revenue	**$ 4.5**	$ 8.0
Income before income taxes	**$ 4.2**	$ 6.9
Net income	**$ 4.0**	$ 4.2
Net income per participating share	**$ 0.39**	$ 0.49

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First Chicago Investment Corporation
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REPORT TO SHAREHOLDERS

North America continued on its relentless downward spiral in calendar 2002, with the S&P 500 declining 23%, NASDAQ dropping 31%, and Canada's TSE 300 falling by 14%. Against this backdrop, First Chicago reported net income of $4.0 million, basically in line with prior period net income for the nine months ended September 30, 2001. During the year, the Company also paid out over $1.8 million in dividends to shareholders compared to $1.4 million in 2001.

As outlined in last year's annual report, we continued to position the Company's investment portfolio defensively. During the year we invested almost $57 million in lower volatility, conservative securities, the majority of which were investment grade preferred shares and other lower risk securities. We continue to believe the broad equity markets remain vulnerable to continued correction driven by the following factors:

- Following the largest equity bubble in history, we do not believe the excesses have yet been wrung from the economy. During the boom, investors over priced equity and under priced risk, which led to a massive misallocation of investment capital. This caused excess capacity to be created in virtually all industries, most significantly in the speculative internet and technology sectors, and ultimately drove the well-documented collapse in corporate spending. While consumer spending has remained strong, fueled principally in the United States by refinanced mortgages on household assets, we believe this boom will end as interest rates begin to rise again (or at least stop falling). In addition, with consumer debt at post-war peaks, and growing concerns over the job market, we do not believe the consumer can continue as the sole growth engine of the economy.

- Even after reflecting the dramatic descent over the past two years, the equity markets remain pricey with the S&P500 trading at between 25 and 50 times trailing earnings, depending on the definition of sustainable earnings, with the NASDAQ market trading at substantially higher premiums.

- From an investment perspective we expect the North American investing public to shift to more conservative, dividend paying securities, and away from short term "momentum" trading. While the mantra during the boom focused on upside rewards and capital gains, we believe investors will now shift to a pre-occupation with capital preservation and the minimization of perceived investment risk.

- Heightened political and geopolitical risks will weigh heavily on global markets and on consumer confidence. With the looming likelihood of a military conflict in Iraq, the unsettled nuclear threat on the Korean peninsula, and the growing risk of global terrorism, the world remains susceptible to fundamental economic disruption.

These economic, political and geopolitical risks suggest to us that the global equity markets remain vulnerable to continued downward revaluations. As a result, we will continue to position the Company's investment portfolio defensively, which should allow us to take advantage of market opportunities should they arise.

On corporate matters, on June 30, 2002, Gordon Flatt stepped down as Chief Investment Officer to pursue an opportunity with an international investment company based in Bermuda. We appreciate Gord's efforts over the years in his various positions with the Company, and look forward to his continued input as a director. During the year, Peter Joynt resigned as a director and we welcomed Roger Garon as a director of the Company. We look forward to Roger's involvement as a director and thank Peter for his contribution. While we remain cautious in our outlook for the global equity markets, we believe First Chicago is positioned to weather these troubled times and prosper over the long term.

Thank you for your continued support,

Andrew Kim

Andrew Kim
President & Chief Financial Officer

Toronto, Canada
January 21, 2003

MANAGEMENT'S DISCUSSION & ANALYSIS

Certain statements in this report may constitute forward-looking statements. Such statements involve risks, uncertainty and other factors which may cause actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements.

All amounts are expressed in millions of US dollars, except per share amounts.

SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The consolidated financial statements include the assets, liabilities and results of operations of the Company and its subsidiary. All inter-company transactions and balances have been eliminated on consolidation.

Currency of presentation

These consolidated financial statements are presented in US dollars using the Canadian dollar as the unit of measurement, effective January 1, 2001. Foreign currency denominated monetary items are translated into US dollars at the exchange rate in effect at the balance sheet date. Revenue and expenses are translated at the twelve month average rate of exchange. Translation gains and losses are deferred and included as a component of shareholders' equity.

Change in year end

In 2001, the Corporation changed its fiscal year end from December 31 to September 30. The consolidated financial statements presented are for the year ended September 30, 2002 and the nine month period ended September 30, 2001.

Investments

Investments include marketable securities and are carried at the lower of cost, net of provisions, and market value. Securities sold short are included in liabilities and are carried at market value. Investments in private companies are recorded at cost.

Future income taxes

The Company uses the liability method of measuring income taxes. Future income taxes are provided based on all temporary differences between the carrying amount and tax bases of assets and liabilities. In addition, the future benefits of income tax assets including unused tax losses are recognized to the extent that it is more likely than not that such losses will be ultimately utilized. Future income tax expense represents the change during the period in the future income tax assets and liabilities.

Financial instruments and fair value

The Company's financial instruments are comprised of securities, receivables and other assets, loans receivable, bank indebtedness, accounts and taxes payable and loans payable. The market value of these financial instruments approximates their carrying values due to the short term maturities and floating interest rates. The fair value of securities is determined based on quoted market prices.

The Company may use derivative financial or equity instruments to manage risks, including interest rate and foreign exchange risks. Gains and losses resulting from these transactions are included in income on the same basis as the asset or liability, which has been hedged.

Revenue

Revenue includes dividend income, interest income, net gains or losses on sale of security positions, net realized and unrealized gains and losses on securities sold short and provisions for diminution in value of security positions.

Use of estimates

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The provision for valuation of securities and valuation allowance for potential tax liabilities are subject to measurement uncertainty and adjustments to these allowances could have a material impact.

BALANCE SHEET ANALYSIS

Below the September 30, 2002 balances are compared to the September 30, 2001 balances.

Cash

	2002	2001
	$ -	$ 31.1

Cash represented short term holdings. The cash on hand at the end of 2001 was used to purchase securities early in fiscal 2002.

Investments

	2002	2001
	$ 96.7	$ 61.1

The Company's securities portfolio consists of investments principally in publicly traded companies that management believes offer sustainable cash flows and the opportunity for long term capital appreciation. The Company invests with a buy and hold strategy and is content to earn the cash flows generated in the form of dividends and interest income. Security dispositions occur when changes in our investee companies are contrary to our investment value parameters.

During the period, the Company realized proceeds of $21 million on the sale of securities, and invested $57 million in new positions, resulting in a net increase of approximately $36 million. Despite the Company's view that valuation excesses in securities have not fully reversed, we identified investments meeting our value parameters primarily in the preferred share market. These new investments were financed through the use of cash on hand and the increase in bank indebtedness.

In November 2001, the Company entered into a derivative contract with a financial institution whereby it purchased a put option and sold a call option on approximately 67% of the securities held at September 30, 2001. This transaction protects approximately $17 million of the Company's unrealized gains, and limits the upside to approximately $23 million on this portion of the Company's portfolio. The put and call options expire on December 31, 2003.

The Company enhances its returns lending its securities to other parties for which it charges borrow fees. This activity fits well with the Company's buy and hold strategy as it would otherwise hold the securities in safekeeping and be charged related fees.

Receivables and other assets

	2002	2001
	$ 1.0	$ 3.6

As at September 30, 2002, receivables and other assets primarily represented dividends and other miscellaneous receivables.

Loans receivable

	2002	2001
	$ 3.1	$ -

Loans receivable are due on demand and earn interest between the Canadian prime rate and the US base rate.

Future income taxes

	2002	2001
	$ 2.6	$ 2.6

The future income tax asset arises from the benefit of non capital loss carry forwards and differences between the carrying value and tax value of assets and liabilities.

Bank indebtedness

	2002	2001
	$ 7.3	$ -

Bank indebtedness is due on demand, unsecured and carries a floating interest rate equivalent to the prime rate of a Canadian chartered bank. Included in bank indebtedness is a margin loan of $1.7 million. The increase in bank indebtedness funded the purchase of securities.

Accounts and taxes payable

	2002	2001
	$ 2.2	$ 2.4

Accounts and taxes payable are consistent with the prior year end and are comprised of dividends payable, taxes and general expense accruals.

Loans payable

	2002	2001
Securities sold short	**$ 21.1**	$ 9.5
Loan payable	**-**	12.9
Promissory notes	**-**	2.6
	$ 21.1	$ 25.0

The Company increased its position in short sales of securities using funds to repay the loan payable and promissory notes.

Shareholders' equity

	2002	2001
Senior preferred shares, series A	**$ 20.0**	$ 20.0
Junior preferred shares, series A	**8.8**	8.8
Dividend shares	**3.0**	3.0
Multiple voting shares	**0.3**	0.3
Subordinate voting shares	**1.2**	1.2
	33.3	33.3
Cumulative translation adjustment	**(4.1)**	(3.7)
Retained earnings	**43.6**	41.4
	$ 72.8	$ 71.0

During 2002, dividends on the Company's Senior preferred shares, series A, Junior preferred shares, series A and Dividend shares amounted to $1.8 million.

INCOME STATEMENT ANALYSIS

The 2002 results reflect the twelve months ended September 30, 2002 and the 2001 results reflect the nine months ended September 30, 2001.

The Company's income before income tax was $4.2 million for the twelve months ending September 30, 2002, compared to $6.9 million for the nine months ending September 30, 2001. The Company's net income in 2002 was $4.0 million (2001 - $4.2 million). After the payment of dividends, income per participating share was $0.39 (2001 - $0.49). The decline in income per participating share is due to lower net income and higher dividends being paid in 2002 compared to 2001.

The Company's operating results are summarized in the following table and are discussed below.

	For 12 months ended September 30, 2002	For 9 months ended September 30, 2001
Dividends	**$ 4.4**	$ 2.5
Gains on sale of securities, net	**(0.7)**	5.1
Interest and other income	**0.8**	0.4
Total revenue	**4.5**	8.0
Operating expenses	**0.1**	0.2
Interest expense	**0.2**	0.9
Total expenses	**0.3**	1.1
Income before income taxes	**4.2**	6.9
Current income taxes	**0.2**	1.3
Future income taxes	**-**	1.4
Net income	**$ 4.0**	$ 4.2
Net income per participating share	**$ 0.39**	$ 0.49

Dividends earned in 2002 on the Company's securities portfolio amounted to $4.4 million for the twelve month period ending September 30, 2002 compared to $2.5 million earned in the nine month period ending September 30, 2001. The increase in dividend income is due to changes in the securities portfolio and also reflects the longer fiscal period.

Net losses realized during 2002 were $0.7 million (2001 - gains of $5.1 million) from the sale of approximately $20.5 million of securities and the closing of certain short positions.

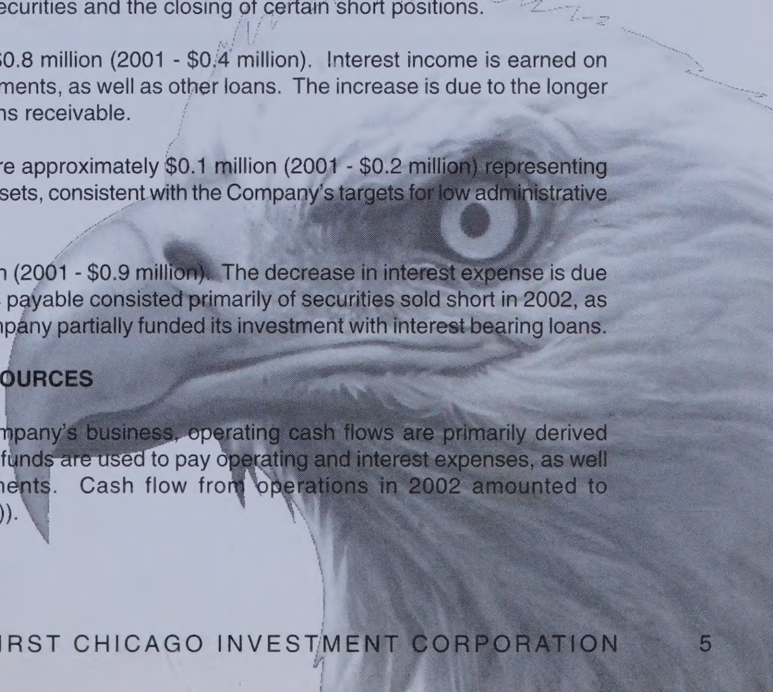
Interest and other income was $0.8 million (2001 - $0.4 million). Interest income is earned on bonds and other fixed rate instruments, as well as other loans. The increase is due to the longer fiscal period and increase in loans receivable.

Operating expenses in 2002 were approximately $0.1 million (2001 - $0.2 million) representing a negligible percentage of total assets, consistent with the Company's targets for low administrative and other expenses.

Interest expense was $0.2 million (2001 - $0.9 million). The decrease in interest expense is due to the reduction of debt, as loans payable consisted primarily of securities sold short in 2002, as compared to 2001 when the Company partially funded its investment with interest bearing loans.

LIQUIDITY AND CAPITAL RESOURCES

In the normal course of the Company's business, operating cash flows are primarily derived from dividends received. These funds are used to pay operating and interest expenses, as well as contractual dividend payments. Cash flow from operations in 2002 amounted to $6.7 million (2001 - ($5.1 million)).



The Company's securities portfolio represents an additional source of liquidity, which may be utilized to fund new investments and lending initiatives.

RISK MANAGEMENT

While First Chicago has taken steps to insulate itself against business and other risks, there are certain risks that the Company faces in its normal course of business:

- *Market risk:* The Company is exposed to fluctuations in the market prices of its securities portfolio, including the Company's investment in securities borrowed and sold short.
- *Interest rate risk:* The Company is subject to interest rate fluctuations on its bank indebtedness, loans payable, Dividend shares and Senior and Junior preferred shares.
- *Foreign exchange risk:* The Company is subject to foreign exchange rate fluctuations as it may hold securities denominated in currencies other than the US dollar.
- *Credit risk:* The Company is subject to counterparty credit risk on derivative or option transactions.

As the Company is not currently listed on any US exchange, it is not subject to the US Sarbanes-Oxley Act of 2002 which outlines corporate governance policies. However, First Chicago supports these and other recent Canadian initiatives, and senior management voluntarily certifies its financial statements and is reviewing its policies and procedures to ensure they are compliant.

The Company's objective is to create long term capital appreciation for shareholders through increased earnings and asset values while operating at prudent risk levels.

On behalf of the board of directors,

Andrew Kim
President & Chief Financial Officer

FIRST CHICAGO
INVESTMENT CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

In management's opinion, the accompanying financial statements have been properly prepared within reasonable limits of materiality and within the framework of generally accepted accounting principles and policies consistently applied and summarized in the financial statements. Since a precise determination of assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. Financial operating data in the report are consistent, where applicable, with the financial statements.

To meet its responsibility for reliable and accurate financial statements, management has established systems of internal controls which are designed to provide reasonable assurance that financial information is relevant, reliable and accurate, and that assets are safeguarded and transactions are executed in accordance with managements authorization.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting, which responsibility it carries out principally through its Audit and Corporate Governance Committee.

The financial statements have been examined by Deloitte & Touche LLP, Chartered Accountants. The external auditors' responsibility is to express a professional opinion on the fairness of management's financial statements. The auditors' report outlines the scope of their examination and sets forth their opinion.

Andrew Kim

Andrew Kim
President & Chief Financial Officer

FIRST CHICAGO
INVESTMENT CORPORATION

AUDITORS' REPORT

To the Shareholders of First Chicago Investment Corporation

We have audited the consolidated balance sheets of First Chicago Investment Corporation as at September 30, 2002 and September 30, 2001 and the consolidated statements of income, retained earnings and cash flows for the year ended September 30, 2002 and the nine month period ended September 30, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2002 and September 30, 2001 and the results of its operations and its cash flows for the year ended September 30, 2002 and the nine month period ended September 30, 2001 in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP
Chartered Accountants

Calgary, Alberta
December 23, 2002

First Chicago Investment Corporation

Consolidated Balance Sheets
As at September 30,

(in millions of US dollars)	Note		**2002**		2001
ASSETS					
Cash		**$**	**-**	$	31.1
Investments	2		**96.7**		61.1
Receivables and other assets			**1.0**		3.6
Loans receivable	7(f)		**3.1**		-
Future income taxes	3		**2.6**		2.6
		$	**103.4**	$	98.4
LIABILITIES AND SHAREHOLDERS' EQUITY					
Bank indebtedness	4	$	**7.3**	$	-
Accounts and taxes payable			**2.2**		2.4
Loans payable	5		**21.1**		25.0
			30.6		27.4
Shareholders' equity	6		**72.8**		71.0
		$	**103.4**	$	98.4

Approved on behalf of the Board,

J. Ian Flatt , Director

Gordon Flatt, Director

(See accompanying notes)

CONSOLIDATED FINANCIAL STATEMENTS

First Chicago Investment Corporation

Consolidated Statements of Income

(in millions of US dollars except per share amounts)	Note	**For the year ended September 30, 2002**	For the nine months ended September 30, 2001
REVENUE		**$ 4.5**	$ 8.0
EXPENSES			
Interest		**0.2**	0.9
Operating		**0.1**	0.2
		0.3	1.1
INCOME BEFORE INCOME TAXES		**4.2**	6.9
INCOME TAXES			
Current income taxes		**0.2**	1.3
Future income taxes		**-**	1.4
	3	**0.2**	2.7
NET INCOME		**$ 4.0**	$ 4.2
NET INCOME PER PARTICIPATING SHARE		**$ 0.39**	$ 0.49

Consolidated Statements of Retained Earnings

(in millions of US dollars)	Note	**For the year ended September 30, 2002**	For the nine months ended September 30, 2001
Retained earnings, beginning of period		**$ 41.4**	$ 39.0
Net income		**4.0**	4.2
Share repurchases	6	**-**	(0.4)
Dividends		**(1.8)**	(1.4)
Retained earnings, end of period		$ **43.6**	$ 41.4

(see accompanying notes)

First Chicago Investment Corporation
Consolidated Statements of Cash Flows

(in millions of US dollars)	**For the year ended September 30, 2002**	For the nine months ended September 30, 2001
CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Net income	**$ 4.0**	$ 4.2
Adjustments for:		
Loss (Gain) on sale of securities	**0.7**	(5.1)
Foreign exchange translation adjustment	**(0.4)**	(3.7)
Future income taxes	**-**	1.6
	4.3	(3.0)
Change in non cash working capital	**2.4**	(2.1)
	6.7	(5.1)
FINANCING		
Loans receivable advances	**(3.1)**	-
Loans payable advances	**96.9**	25.2
Loans payable repaid	**(100.8)**	(41.3)
Repurchase of Company shares	**-**	(0.4)
Dividends	**(1.8)**	(1.4)
	(8.8)	(17.9)
INVESTING		
Purchase of securities	**(56.8)**	(5.9)
Proceeds of sale of securities	**20.5**	68.3
	(36.3)	62.4
Net increase (decrease) in cash	**(38.4)**	39.4
Cash (bank indebtedness), beginning of period	**31.1**	(8.3)
Cash (bank indebtedness), end of period	**$ (7.3)**	$ 31.1

Supplementary information on cash flows

Taxes paid	**$ 0.8**	$ 0.8
Interest paid	**$ 0.3**	$ 0.8

(see accompanying notes)

First Chicago Investment Corporation

September 30, 2002 and 2001

1. Summary of significant accounting policies

(a) Basis of presentation and principles of consolidation

The accompanying consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary.

(b) Currency of presentation

These consolidated financial statements are presented in US dollars using the Canadian dollar as the unit of measurement, effective January 1, 2001. Foreign currency denominated monetary items are translated into US dollars at the exchange rate in effect at the balance sheet date. Revenue and expenses are translated at the twelve month average rate of exchange. Translation gains and losses are deferred and included as a component of shareholders' equity.

(c) Change in year end

In 2001, the Corporation changed its fiscal year end from December 31 to September 30. The consolidated financial statements presented are for the year ended September 30, 2002 and the nine month period ended September 30, 2001.

(d) Investments

Investments include marketable securities and are carried at the lower of cost, net of provisions, and market value. Securities sold short are included in liabilities and are carried at market value. Investments in private companies are recorded at cost.

(e) Future income taxes

The Company uses the liability method of measuring income taxes. Future income taxes are provided based on all temporary differences between the carrying amount and tax bases of assets and liabilities. In addition, the future benefits of income tax assets including unused tax losses are recognized to the extent that it is more likely than not that such losses will be ultimately utilized. Future income tax expense represents the change during the period in the future income tax assets and liabilities.

(f) Financial instruments and fair values

The Company's financial instruments are comprised of securities, receivables and other assets, loans receivable, bank indebtedness, accounts and taxes payable and loans payable. The market value of these financial instruments approximate their carrying values due to the short term maturities and floating interest rates. The fair value of securities is determined based on quoted market prices.

The Company may use derivative financial or equity instruments to manage risks, including interest rate and foreign exchange risks. Gains and losses resulting from these transactions are included in income on the same basis as the asset or liability, which has been hedged.

1. Summary of significant accounting policies (cont'd)

(g) Revenue

Revenue includes dividend income, interest income, net gains or losses on sale of security positions, net realized and unrealized gains and losses on securities sold short and provisions for diminution in value of security positions.

(h) Use of estimates

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The provision for valuation of securities and valuation allowance for potential tax liabilities are subject to measurement uncertainty and adjustments to these allowances could have a material impact.

2. Investments

As at September 30, 2002 the securities portfolio had a market value of $128.3 million (2001 - $90.0 million).

In November 2001, the Company entered into a derivative contract with a financial institution whereby it purchased a put option and sold a call option on approximately 67% of the securities held at September 30, 2001. This transaction protected approximately $16.6 million of the Company's unrealized gains, and limited the upside to approximately $23.3 million on this portion of the Company's portfolio. The contract expires December 31, 2003. In connection with the derivative contract, the Company's largest shareholder provided a guarantee to the financial institution, for which the Company assigned the underlying securities to the largest shareholder as collateral. In the normal course of business, the Company lends securities to other parties for which it receives borrow fees. As at year end, the Company had lent securities with a market value of $32.1 million on an unsecured basis.

3. Income taxes

		2002		2001
Income taxes at statutory rate	$	**1.6**	$	3.0
Dividends		**(1.7)**		(1.1)
Non-capital losses carry forward utilized		**0.5**		1.0
Other		**(0.2)**		(0.2)
	$	**0.2**	$	2.7
Comprised of:				
Future		**-**		1.4
Current		**0.2**		1.3
	$	**0.2**	$	2.7

4. Bank indebtedness

The bank indebtedness is due on demand, unsecured and carries a floating interest rate equivalent to the prime rate of a Canadian chartered bank. Bank indebtedness includes a margin loan of $1.1 million (2001 - nil) for which the Company has pledged securities as collateral.

5. Loans payable

	2002	2001
Securities sold short	**$ 21.1**	$ 9.5
Loans payable	**-**	12.9
Promissory note	**-**	2.6
	$ 21.1	$ 25.0

Obligations to deliver securities sold short are recorded as liabilities and carried at market value. Realized and unrealized gains and losses on these securities are recorded in revenue. The cost of these securities is $21.0 million (2001 - $9.5 million). The loans payable were secured by securities and cash and bore interest at the prime rate of a Canadian chartered bank and were due on demand (see Note 7(c)). The Promissory note was unsecured, having terms of 30 days, and bore interest at 3.75%.

6. Shareholders' equity

Authorized

Senior preferred shares, series A

An unlimited number, redeemable at the Company's option at any time, carrying a cumulative dividend of 75% of the average Canadian bank prime rate.

Junior preferred shares, series A

An unlimited number, having one vote per share on all matters brought before shareholders and carrying a cumulative dividend of 75% of the average Canadian bank prime rate. These shares participate equally with the Multiple voting and Subordinate voting shares on a per share basis in any dividends exceeding $0.2465 per Multiple and Subordinate voting share per annum, and on any payments made on liquidation in excess of $3.29 per Multiple and Subordinate voting share.

Dividend shares

An unlimited number, redeemable at the Company's option after July 30, 2006, carrying a cumulative semi-annual dividend of 70% of the average Canadian bank prime rate.

Multiple voting shares

An unlimited number, having twenty-five votes per share on all matters brought before shareholders. These shares participate equally with the Junior preferred shares, series A and Subordinate voting shares on a per share basis in any dividends and on any payments made on liquidation.

Subordinate voting shares

An unlimited number, having one vote per share on all matters brought before shareholders. These shares participate equally with the Junior preferred shares, series A and Multiple voting shares on a per share basis in any dividends and on any payments made on liquidation.

6. Shareholders' equity (cont'd)

Issued and outstanding

(in millions, except # of shares)

# of shares		2002	2001
1,200,000	Senior preferred shares	**$ 20.0**	$ 20.0
2,631,865	Junior preferred shares	**8.8**	8.8
4,435,222	Dividend shares	**3.0**	3.0
1,776,772	Subordinate voting shares	**1.2**	1.2
1,108,805	Multiple voting shares	**0.3**	0.3
		33.3	33.3
Cumulative translation adjustment		**(4.1)**	(3.7)
Retained earnings		**43.6**	41.4
		$ 72.8	$ 71.0

On July 9, 2001, Canadian Northstar Corporation amalgamated with 934626 Alberta Ltd. to form First Chicago Investment Corporation and restructured its share capital as follows: Each Senior preferred share, series A was exchanged for a new Senior preferred share, series A, each Common share was exchanged for one Subordinate voting share, 1/4 of a Multiple voting share and one Dividend share.

Each Junior preferred share, series A was exchanged for 99/100th of a new Junior preferred share, series A, 1/4 of a Multiple voting share and one Dividend share.

In 2001, prior to the amalgamation, the Company purchased and cancelled pursuant to a normal course issuer bid, 43,600 Common shares at an average price of $16.97 Canadian.

7. Other

(a) Contingencies

The Company is contingently liable with respect to litigation and other claims, which may arise during the normal course of business. In the opinion of management, all claims are without merit or have been adequately provided for.

(b) Market risk

The Company is exposed to fluctuations in the market prices of its securities portfolio, and securities borrowed and sold short.

(c) Interest rate risk

The Company is subject to interest rate fluctuations on its bank indebtedness, loans payable and preferred shares. The impact on net income of a one percent change in interest rates on floating rate financial instruments is approximately $1.0 million (2001 $0.7 million).

(d) Foreign exchange rate risk

The Company is subject to foreign exchange rate fluctuations as a portion of its assets and liabilities are denominated in currencies other than US dollars.

(e) Credit risk

The Company is subject to counterparty credit risk on derivative transactions.

7. Other (cont'd)

(f) Related party transactions

In its normal course of business, the Company enters into transactions with related parties. The transactions occur under market terms and are consistent with the terms of transactions with unrelated third parties. The Company earned interest and borrow fees on securities lent of approximately $0.2 million (2001 - $0.1 million) and paid interest of $0.1 million during the period to related parties. As at September 30, 2002, related parties had borrowed $2.8 million from the Company (in 2001, related parties had lent the Company $12.9 million). The Company purchased securities from a related party for $15.8 million, which was the market price of the securities on that day.

(g) Income per participating share

	For 12 months ended September 30, 2002	For 9 months ended September 30, 2001
Net Income	**$ 4.0**	$ 4.2
Less Dividends paid	**(1.8)**	(1.4)
Income available for participating shares	**2.1**	2.7
Weighted average # of participating shares	**5.5**	5.5
Income per participating share	**$ 0.39**	$ 0.49

Participating shares include Subordinate voting shares, Multiple voting shares and Junior preferred shares.

(h) Comparative figures

Certain comparative figures have been restated to conform with the current method of presentation.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report includes projections and other forward-looking statements concerning the Company's business and management's assessment of economic conditions. The Company cautions that, by their nature, forward-looking statements are subject to risks and uncertainties that could cause the Company's actual results to differ materially from those implied.

FIRST CHICAGO
INVESTMENT CORPORATION

CORPORATE INFORMATION

DIRECTORS

J. Ian Flatt
Group Chairman
The Coastal Group
Winnipeg, Manitoba

Gordon Flatt
Managing Director
The Coastal Corporation Ltd.
Southampton, Bermuda

Roger D. Garon
Chairman
Multi-Vet Ltd
Montreal, Quebec

OFFICERS

J. Ian Flatt
Chairman

Andrew Kim
President & Chief Financial Officer

Miranda Weicker
Corporate Secretary

EXECUTIVE OFFICE

Suite 1101 – 67 Yonge Street
Toronto, Ontario
M5E 1J8

Telephone: (416) 867-9079
Facsimile: (416) 867-1961

REGISTRAR AND TRANSFER AGENT

CIBC Mellon Trust Company
600, The Dome Tower
333 - 7th Avenue S.W.
Calgary, Alberta
T2P 2Z1

Telephone: (800) 387-0825
Facsimile: (403) 264-2100

STOCK EXCHANGE LISTING

The Company's Dividend shares (FCH.e) and two classes of capital shares (FCH.a and FCH.b) are listed on the TSX.

ANNUAL GENERAL MEETING

Friday, March 7, 2003, 11:00 a.m.
Delta Airport Hotel
Calgary, Alberta